

## Message Text

CONFIDENTIAL

PAGE 01 STATE 037535

41

ORIGIN SS-25

INFO OCT-01 ISO-00 SSO-00 AS-01 /027 R

DRAFTED BY ARA/ECP:SHROGERS:ATP  
APPROVED BY ARA - WILLIAM D. ROGERS  
ARA/BR:RZIMMERMAN  
EB:JAGREENWALD  
S/S:O J. HOGANSON

----- 098609

O 141925Z FEB 76  
FM SECSTATE WASHDC  
TO AMEMBASSY BRASILIA IMMEDIATE

C O N F I D E N T I A L STATE 037535

STADIS/////////////////////////////////  
EXDIS FOR AMBASSADOR FROM ASSISTANT SECRETARY ROGERS

E.O. 11652: GDS

TAGS: ETRD, BR

SUBJECT: TRADE ISSUES WITH BRAZIL

REFERENCE: BRASILIA 1308

1. I SHARE YOUR CONCERN ABOUT THE POSSIBLE REPERCUSSIONS OF THE REPORT THE USDA IS PLANNING TO MAKE TO THE OILSEEDS TECHNICAL ADVISORY COMMITTEE NEXT WEEK ON BRAZILIAN SOY-BEAN EXPORT SUBSIDIES. WE HAVE DISCUSSED THE PROBLEM AT LENGTH WITH USDA. USDA HAS BEEN UNDER CONSIDERABLE PRES-SURE SINCE LAST FALL TO PRESENT ITS ADVISORY COMMITTEE WITH AN ANALYSIS OF THE BRAZILIAN EXPORT POLICY. CHAIRMAN OF ADVISORY COMMITTEE HAS, I AM TOLD, THREATENED TO RESIGN, PRESUMABLY WITH ALL THE FANFARE THAT SUCH ACTION COULD GENERATE, IF REPORT IS NOT PRESENTED IN VERY NEAR FUTURE. ADVISORY COMMITTEE HAS TOLD DENT AND BUTZ THAT COOPERATION OF INDUSTRY IN DEVELOPING U.S. POSITIONS FOR MTN NEGOTIA-TIONS THESE PRODUCTS NOT POSSIBLE WITHOUT REPORT AND  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 037535

ANALYSIS OF BRAZILIAN SOYBEAN EXPORT SYSTEM. WE ARE TOLD

ALSO THAT ADVISORY COMMITTEE MEMBERS HAVE COMPLAINED TO MEMBERS OF CONGRESS THAT USDA IS DELINQUENT WITH REPORT.

2. WITH USDA FEELING ITSELF UNDER THIS KIND OF PRESSURE, I DO NOT THINK IT POSSIBLE TO HAVE REPORT DEFERRED. I HAVE BEEN ASSURED, HOWEVER, THAT REPORT WILL BE CONFIDENTIAL UNTIL WEEK OF 23RD. BUREAU WILL SEEK CONCURRENCE HERE THAT YOU SHOULD GIVE ADVANCE COPY TO GOB AT TIME OF OR BEFORE ADVISORY COMMITTEE MEETING SO THAT FIRST INFO WILL COME DIRECTLY RATHER THAN PUBLICLY OR THROUGH LEAK.

3. PROBLEM AS YOU RECOGNIZE IS FUNDAMENTAL DIFFERENCE BETWEEN U.S. AND BRAZIL CONCERNING EXPORT SUBSIDIES, WHICH IS EXACERBATED IN THIS CASE BY GREAT IMPORTANCE TO BOTH COUNTRIES OF EXPORTS OF SOYBEANS AND SOYBEAN PRODUCTS. FURTHERMORE, DECLINE IN U.S. EXPORTS, LAST YEAR, AND PROSPECTIVE HIGH CARRYOVER AT END OF CURRENT CROP YEAR, HAVE MADE U.S. PRODUCERS SENSITIVE TO BRAZIL'S RAPIDLY GROWING POSITION AS SECOND MAJOR WORLD EXPORTER OF SOYBEANS. I BELIEVE WE SHOULD TAKE THIS QUESTION UP WITH BRAZILIANS AT THE MEETING OF THE BILATERAL TRADE SUB-GROUP THAT WILL HOPEFULLY TAKE PLACE EARLY IN MARCH, BUT WE CAN EXPECT PROBLEMS TO CONTINUE AS LONG AS BRAZILIAN AND U.S. POLICIES REGARDING EXPORT SUBSIDIES ARE IN FUNDAMENTAL CONFLICT AND WE HAVE NOT REACHED AGREEMENT ON THIS ISSUE IN THE GATT.

4. YOU SHOULD ALSO KNOW THAT WE EXPECT THE QUESTION OF NEW BRAZILIAN IMPORT RESTRICTIONS TO COME UP IN THE GATT COUNCIL ON TUESDAY. WE BELIEVE WE HAVE ARRANGED TO MINIMIZE THE POSSIBILITY THAT THIS WILL BE SEEN AS A PART OF ANY GENERALIZED U.S. ATTACK ON BRAZILIAN TRADE POLICY, BUT IT IS NOT POSSIBLE TO ELIMINATE THE RISK OF MISINTERPRETATION COMPLETELY. WE ARE DOING OUR BEST TO LEAVE THE INITIATIVE TO OTHERS AND TO SHOW UNDERSTANDING FOR THE VERY REAL PROBLEMS THAT WE RECOGNIZE BRAZIL FACES.

5. MY CONCERN IS THAT THESE ACTIONS PLUS THE EXPECTED REPORT ON ESCAPE CLAUSE ACTION ON SHOES AND THE POSSIBILITY OF A REQUEST FOR COUNTERVAILING DUTIES ON YARNS MAY BE TAKEN TOGETHER BY SOME ENTERPRISING REPORTER OR BY ONE OR CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 037535

ANOTHER OF YOUR PARANOID FRIENDS IN BRASILIA AS INDICATING A GENERAL U.S. POSITION AGAINST BRAZIL'S ATTEMPT TO RIGHT ITS TRADE BALANCE. WE ARE DOING OUR BEST TO AVOID THAT, BUT WE CANNOT COMPLETELY AVOID THE REALITIES OF THE CONFLICT. HOPEFULLY THE COFFEE ANNOUNCEMENT AND THE SECRETARY'S VISIT TO BRAZIL WILL SERVE TO OFFSET A GOOD DEAL OF THE IMMEDIATE ADVERSE REACTION AND PUT US IN A POSITION TO DISCUSS THE REAL PROBLEMS VERY FRANKLY AT THE

TIME OF THE BILATERAL TRADE TALKS. INGERSOLL

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** EXPORTS, REPORTS, FOREIGN TRADE, SOYBEANS, FOREIGN POLICY POSITION  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 14 FEB 1976  
**Decaption Date:** 28 MAY 2004  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** buchant0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976STATE037535  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** SHROGERS:ATP  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D760057-0750  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19760246/aaaaboja.tel  
**Line Count:** 116  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ORIGIN SS  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** STADIS, EXDIS  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** STADIS, EXDIS  
**Reference:** 76 BRASILIA 1308  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** buchant0  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 14 JUL 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <14 JUL 2004 by SmithRJ>; APPROVED <21 OCT 2004 by buchant0>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** TRADE ISSUES WITH BRAZIL  
**TAGS:** ETRD, BR, US  
**To:** BRASILIA  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006